

Message Text

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USDOC FOR BEWT DOWNEY

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SUBJ: DOWNEY CONVERSATION WITH MINISTER FLORESCU

REF: (A) TREICHEL/CLARKE TELCON MARCH 19; (B) BUCH 1186

1. DURING CONVERSATION FEBRUARY 19 WITH DEPUTY ASSISTANT SECRETARY OF COMMERCE ARTHUR DOWNEY, ROMANIAN MINISTER CHEMICAL INDUSTRY MIHAIL FLORESCU OUTLINED PROGRESS ON MAJOR CONTRACTS UNDER NEGOTIATION

WITH US COMPANIES. FLORESCU ASKED DOWNEY TO USE GOOD OFFICES TO HELP PROJECTS ALONG, PROMISING TO PROVIDE ADDITIONAL BACKGROUND THROUGH EMBASSY. DESPITE SOME PRODDING, ADDITIONAL MATERIAL NOT YET RECEIVED BUT FOLLOWUP CALLS BY DOWNEY TO TWO COMPANIES -- UNION CARBIDE AND CITIES SERVICE -- MIGHT SERVE USEFUL PURPOSE AND WOULD BE APPRECIATED BY FLORESCU.

UNION CARBIDE. GOR WANTS LICENSE, TECHNOLOGY AND EQUIPMENT FOR 60,000-TON POLYETHYLENE PLANT, TO BE BUILT BY GOR WITH QUALITY GUARANTEE FROM UNION CARBIDE. AT UC SUGGESTION, NEGOTIATIONS BEING CONDUCTED WITH CONSTRUCTORS JOHN BROWN (UK). PROBLEM HAS ARISEN CONCERNING MARKETING RESTRICTIONS REQUESTED BY US, SAID FLORESCU. GOR WISHES EXPORT 30-40 PERCENT OF OUTPUT, CAN'T ACCEPT PROVISION PROHIBITING SALES IN US, PARTS OF WESTERN EUROPE. EXCLUSION OF US MARKET AT LEAST UNDERSTANDABLE, FLORESCU SAID, BUT COULDN'T UNDERSTAND WESTERN EUROPE BAN.
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CLAIMED IT WENT AGAINST UNDERSTANDING REACHED WITH UC CHAIRMAN

PERRY WILSON AND ASKED DOWNEY TO CONVEY GOR VIEWS TO UC,
WHICH DOWNEY AGREED TO DO.

CITIES SERVICE, TULSA, OKLAHOMA. IMPASSE REACHED ON TALKS
FOR BUTYL RUBBER PLANT, ALTHOUGH TECHNICAL PROBLEMS RESOLVED.
CITIES SERVICE NOT READY TO PROCEED BECAUSE OF DOUBTS ABOUT
MARKET. FLORESCU HAS POSITIVE READINGS ON FUTURE WEST EUROPE
MARKET POSSIBILITIES WHICH HE IS TRANSMITTING TO CITIES SERVICE,
WANTS TO GO AHEAD SO PLANT WILL BE READY WHEN MARKET RETURNS.
(OUTPUT PLANNED AT 36,000 TONS/YR OF WHICH 20,000 FOR EXPORT).
ASKED DOWNEY TO CONVEY MORE OPTIMISTIC GOR SENTIMENTS TO CITIES
SERVICE.

PHOTOSENSITIVE PAPER. FLORESCU REITERATED PRESIDENT
CEAUSESCU'S CONTINUING INTEREST IN PROGRESS ON THIS PROJECT,
DESCRIBED DIFFICULTY IN OBTAINING REQUISITE GUARANTEES FROM
OLSZEWSKI. GOR EVIDENTLY WOULD PREFER TO DEAL WITH KODAK OR
GAF BUT IN VIEW STATUS OF OLSZEWSKI NEGOTIATIONS (REFTEL) FURTHER
INTERVENTION AT THIS STAGE APPEARS UNNECESSARY ON THIS PROJECT.

2. FLORESCU ALSO COMMENTED ON FOLLOWING PROJECTS:

AGRICO. FLORESCU HOPING TO SIGN CONTRACT THIS SPRING FOR
CHEMICAL FERTILIZER PLANT USING PHOSPHORIC ACID FROM FLORIDA
AND ROMANIAN AMMONIA. OUTPUT PARTLY FOR DOMESTIC USE, PARTLY
TO BE MARKETING IN MEDITERRANEAN AREA. FLORESCU SAID DISCUSSIONS
GOING VERY WELL, AMERICAN PARTNERS ARE PRACTICAL, EFFICIENT;
VIEWS ON WIDE RANGE OF TECHNOLOGIES HAVE BEEN EXCHANGED. RELATED
SHIPPING ARRANGEMENT WILL CARRY ROMANIAN UREA TO US.

GENERAL TIRE. FLORESTI TIRE PLANT IS PROGRESSING WELL, AND
FLORESCU HOPES TO SIGN JOINT VENTURE CONTRACT (FOR SALES AND
MANUFACTURE) FOR GIANT TIRE PLANT AT TURNU SEVERIN THIS SPRING
OR EARLY SUMMER. FEASIBILITY STUDIES COMPLETED BY GENERAL TIRE
(WITHOUT CHARGE, FLORESCU SAID). DANUBE LOCATION CHOSEN TO PERMIT
MOST EXPEDITIOUS SHIPMENT TO EUROPEAN MARKETS. TALKS ALREADY
UNDERWAY WITH GENERAL TIRE ON 3D AND 4TH TIRE PLANTS, WHICH ARE
PROVIDED FOR IN 1976-80 FIVE YEAR PLAN.

PFIZER. TALKS ARE ADVANCED ON VITAMIN C PLANT USING BOTH
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ROMANIAN AND PFIZER TECHNOLOGY. RAW MATERIAL WILL BE GLUCOSE
FROM ROMANIAN CORN. MARKET PROSPECTS BRIGHT, SAID FLORESCU.
OF 5000 TON OUTPUT, 4000 TO BE TURNED BACK TO PFIZER IN SEMI-
FINISHED STATE FOR FINAL PROCESSING AND MARKETING. ALSO UNDER
DISCUSSION IS A COOPERATIVE VENTURE WITH PFIZER IN CHINA.

HOUDRY-AIR PRODUCTS. FLORESCU SAID HE HAS RESOLVED TO
GO AHEAD WITH WHAT WOULD BE FIRST COMMERCIAL SCALE PLANT USING

HOUDRY PROCESS FOR ISOPRENE RUBBER, BUT RISK HAS TO BE CONSIDERED.
FORM OF COOPERATION TO BE DECIDED SOON -- MIGHT BE JOINT VENTURE.

BLACK SEA REFINERY/PETROCHEMICAL COMPLEX. FLORESCU SAID GOR
WANTS TO MAKE DECISION THIS SPRING ON PROPOSED COMPLEX, WHICH IS
TO HAVE 8 MILLION TONS CAPACITY. TO BE BUILT IN TWO STAGES OF
4 MILLION EACH; CONSTRUCTION MIGHT BEGIN THIS YEAR, FLORESCU
SAID. HE BELIEVES SOURCE OF CRUDE OIL HAS BEEN ASSURED; SOME
ARAB COUNTRIES HAVE SHOWN WILLINGNESS TO SUPPLY THE COMPLEX
AND TO JOIN IN FINANCING. UNIVERSAL OIL PRODUCTS (UOP) IS
TAKING LEAD IN ASSEMBLING ENGINEERING PROPOSALS AND HAS PUT
FORWARD CONSORTIUM COMPOSED OF UOP, GULF, OCCIDENTAL AND COMMON-
WEALTH OIL REFINING CO. OF PUERTO RICO (CORCO). FLORESCU SAID
INSTALLATION DESIRED BY ROMANIA IS VERY SIMILAR TO CORCO COMPLEX
AT GUAYANILLA BAY, PUERTO RICO, WHICH CONSISTS OF REFINERY,
CYCLOHEXANE PLANT, AROMATICS FACILITIES, AND PARAXYLENE, ETHYL-
BENZENE, OXO-ALCOHOLS, OLEFINS AND ISOPRENE MONOMER PLANTS.

3. FLORESCU ASKED DOWNEY TO CONVEY BEST WISHES TO SECRETARY DENT,
SAYING HE REMEMBERED THEIR CONVERSATION IN WASHINGTON WITH PLEASURE.
BARNES

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